

READ INSTRUCTIONS CAREFULLY BEFORE PROCEEDING		FEDERAL COMMUNICATIONS COMMISSION REMITTANCE ADVICE		Approved by OMB 3060-0589 Page No. <u>1</u> of <u> </u>	
(1) LOCKBOX #		SECTION A - PAYER INFORMATION		SPECIAL USE FCC USE ONLY	
(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card) Hogan & Hartson L.L.P.				(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$860.00	
(4) STREET ADDRESS LINE NO. 1 555 Thirteenth Street NW					
(5) STREET ADDRESS LINE NO. 2 <div style="text-align: right;">FCC/MELLON JUL 08 2003</div>					
(6) CITY Washington				(7) STATE DC	
(8) ZIP CODE 20004					
(9) DAYTIME TELEPHONE NUMBER (include area code) (202) 637-5600			(10) COUNTRY CODE (if not in U.S.A.)		
FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED					
(11) PAYER (FRN) 0003727872			(12) PAYER (TIN) 530084704		
IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)					
(13) APPLICANT NAME ITC^DeltaCom Communications, Inc.					
(14) STREET ADDRESS LINE NO. 1 4092 South Memorial Parkway					
(15) STREET ADDRESS LINE NO. 2					
(16) CITY Huntsville				(17) STATE AL	
(18) ZIP CODE 35802					
(19) DAYTIME TELEPHONE NUMBER (include area code) (256) 382-3842			(20) COUNTRY CODE (if not in U.S.A.)		
FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED					
(21) APPLICANT (FRN) 0005183025			(22) APPLICANT (TIN) 063083207		
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET					
(23A) CALL SIGN/OTHER ID			(24A) PAYMENT TYPE CODE CUT		(25A) QUANTITY 1
(26A) FEE DUE FOR (PTC)		(27A) TOTAL FEE \$860.00		FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2			
(23B) CALL SIGN/OTHER ID			(24B) PAYMENT TYPE CODE		(25B) QUANTITY
(26B) FEE DUE FOR (PTC)		(27B) TOTAL FEE		FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2			
SECTION D - CERTIFICATION					
(30) CERTIFICATION STATEMENT I, <u>Dennis A. Klein</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.					
SIGNATURE <u>[Signature]</u>				DATE <u>7/8/03</u>	
SECTION E - CREDIT CARD PAYMENT INFORMATION					
(31) <input type="checkbox"/> MASTERCARD		MASTERCARD/VISA ACCOUNT NUMBER: <div style="background-color: gray; width: 100px; height: 20px; margin: 5px 0;"></div> [Redacted]		EXPIRATION DATE 12/2007	
<input checked="" type="checkbox"/> VISA		I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.			
SIGNATURE <u>[Signature]</u>				DATE <u>7/8/03</u>	

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L.L.P.

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July 8, 2003

BY HAND DELIVERY

Federal Communications Commission
Wireline Competition Bureau – CPD – 214 Appls.
P.O. Box 358145
Pittsburgh, Pennsylvania 15251-5145

Attention: Wireline Competition Bureau, Competition Policy Division

**Re: ITC^DeltaCom Communications, Inc.
Interstate FiberNet, Inc.
Application for Domestic Section 214 Transfer of Control**

Dear Ms. Salas:

Enclosed for filing are an original and four copies of an application for authority pursuant to section 214 of the Communications Act of 1934 to transfer control of domestic common carriers ITC^DeltaCom Communications, Inc., and Interstate FiberNet, Inc. The transferees are Welsh, Carson, Anderson & Stowe VIII, L.P.; WCAS Capital Partners III, L.P.; and WCAS Information Partners, L.P. Also enclosed is FCC Form 159, with payment of the filing fee of \$860.

This is a joint application for international and domestic transfer-of-control authority. The application is simultaneously being filed in the International Bureau Filing System.

Please date-stamp the extra copy of this filing and return it to the awaiting messenger.

Respectfully submitted,



Douglas A. Klein
Counsel for ITC^DeltaCom, Inc.

Enclosures

cc: Wireline Competition Bureau

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

ITC^DELTACOM, INC.
WELSH, CARSON, ANDERSON & STOWE
VIII, L.P., together with certain of its
affiliates

File No. ITC-T/C-2003_____

Application Pursuant to Section 214 of the
Communications Act of 1934 and
Section 63.24 of the Commission's Rules for
Consent to the Transfer of Control of
Interstate FiberNet, Inc. and ITC^DeltaCom
Communications, Inc. to Welsh, Carson,
Anderson & Stowe VIII, L.P., together with
certain of its affiliates

and

WC Docket No. 03-____

Application Pursuant to Section 214 of the
Communications Act of 1934 and
Section 63.04 of the Commission's Rules for
Consent to the Transfer of Control of
Interstate FiberNet, Inc. and ITC^DeltaCom
Communications, Inc. to Welsh, Carson,
Anderson & Stowe VIII, L.P., together with
certain of its affiliates

Attention: International Bureau and Wireline Competition Bureau

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION
FOR TRANSFER OF CONTROL**

Pursuant to section 214 of the Communications Act of 1934, as
amended, and sections 63.04 and 63.24 of the Commission's rules, ITC^DeltaCom,
Inc. ("ITC"), Interstate FiberNet, Inc. ("FiberNet"), ITC^DeltaCom Communications,
Inc. ("DeltaCom"), and Welsh, Carson, Anderson & Stowe VIII, L.P. ("WCAS VIII"),

WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. (together, "Welsh Carson"), hereby seek consent to the transfer of control of FiberNet and DeltaCom to Welsh Carson. FiberNet and DeltaCom each hold authority pursuant to section 214 to provide domestic and international telecommunications services.¹

ITC's operating subsidiaries, DeltaCom and FiberNet, which are headquartered in Georgia, together own or manage approximately 10,000 route-miles of a fiber-optic network covering portions of ten states in the southern United States. DeltaCom and FiberNet provide voice and data telecommunications services on a retail basis to businesses in the southern United States and regional telecommunications transmission services over their network on a wholesale basis to other telecommunications companies.

The Welsh Carson entities are affiliates of Welsh, Carson, Anderson and Stowe, a private equity investment firm that has managerial and financial expertise in numerous fields including telecommunications. The Welsh Carson entities that are the transferees in the instant application are not commonly owned, but are ultimately managed and controlled by the same group of individuals. Welsh Carson currently holds approximately 49.3 percent of the common stock of ITC.²

¹ DeltaCom also holds satellite earth station licenses, and the applicants are concurrently filing an application on FCC Form 312 seeking Commission consent to the transfer of control of these licenses.

² In addition to Welsh Carson's minority ownership of ITC and other holdings, Welsh Carson owns a majority of shares (approximately 70% on a fully diluted basis) of BTI Telecom Corp. ("BTI"), which through its subsidiaries, Business Telecom, Inc. and Business Telecom of Virginia, Inc. (together, "BTI Operating"), is a regional facilities-based competitive local exchange, long distance and international service provider headquartered in North Carolina.

Grant of the requested authority will permit consummation of a transaction whereby Welsh Carson will acquire additional shares in ITC and expand its interest to a majority interest in ITC. Because Welsh Carson will “change from less than 50 percent ownership to 50 percent or more ownership,” 47 C.F.R. § 63.24(c), a transfer of control of ITC will result.³ The transaction will establish the southeast region’s largest competitive local exchange carrier, with over 50,000 customers. The transaction will strengthen ITC’s subsidiaries, creating a stronger competitor in the local exchange, interexchange, and international telecommunications markets, and better enable the companies to offer consumers a wide array of services at affordable prices. Accordingly, the proposed transaction will serve the public interest.

I. DESCRIPTION OF THE TRANSACTION

Welsh Carson will acquire additional shares of ITC’s common and preferred stock, and warrants to purchase common stock, sufficient to give it a controlling interest in ITC. Welsh Carson currently holds 49.3 percent of the

³ As a step to Welsh Carson acquiring a controlling interest in ITC, the parties plan to merge BTI, of which Welsh Carson owns a controlling interest, with a newly formed subsidiary of ITC, with BTI surviving. Because Welsh Carson currently controls BTI and will continue to have ultimate control of BTI through its ownership of ITC after consummation of the transaction, the merger of BTI with an ITC subsidiary will result in a *pro forma* transfer of control of BTI Operating. See 47 C.F.R. § 63.24(d) note 2. BTI Operating will comply with the notification requirement of section 63.24(f)(2) of the Commission’s rules by filing a notification within 30 days after consummation of the transaction.

outstanding shares of ITC's common stock.⁴ Pursuant to the proposed transaction, shareholders of BTI Telecom Corp. ("BTI"), including Welsh Carson, will convert their BTI investment into common stock of ITC.⁵ Welsh Carson will also receive common stock and warrants of ITC in exchange for the cancellation of debt it currently holds in BTI.⁶ In addition, Welsh Carson will also invest approximately \$35 million in ITC in exchange for ITC Series B preferred stock. As a result, immediately following the time the transaction closes, Welsh Carson will own stock of ITC controlling a majority of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITC common stock.⁷ Under

⁴ Welsh Carson's current interest in ITC represents approximately 43.9% of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITC's common stock (except for the election of ITC directors) and stock of ITC representing approximately 49.3% of the outstanding stockholder votes generally entitled to be cast for the election of directors. The foregoing percentages include the voting interest that the individual managing partners of the general partners of the Welsh Carson entities control in the aggregate in personal accounts separate from any Welsh Carson holdings.

⁵ At present, Welsh Carson is invested in BTI through three limited partnerships. Those entities are WCAS VIII, WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. The Commission approved Welsh Carson's majority interest in BTI in 2001. "Common Carrier Bureau Grants Consent for WCAS Entities to Acquire Control of Business Telecom, Inc.," Public Notice, 16 FCC Rcd 7147 (2001).

⁶ The transfer of BTI, which is today controlled by Welsh Carson, to ITC, which will also be controlled by Welsh Carson, qualifies as a *pro forma* transaction and is not the subject of the instant application.

⁷ Immediately following the time the transaction closes, Welsh Carson will own stock of ITC representing approximately 59% of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITC's common stock (except for the election of ITC directors) and stock of ITC representing approximately 56% of the outstanding stockholder votes generally entitled to be cast for the election of directors. The foregoing percentages include the

an agreement with ITC, during an initial fifteen-month period following closing of the proposed transaction, Welsh Carson will name two directors to an eleven-member ITC board of directors, and will participate in the selection of two additional directors as a Series B preferred stockholder. Immediately after closing of the proposed transaction, the remaining seven directors will be existing ITC board members.⁸

This application seeks authority for the transfer of control to Welsh Carson of ITC's subsidiaries that hold section 214 authority, namely FiberNet and DeltaCom. Grant of the instant application will serve the public interest, convenience, and necessity. Welsh Carson, the transferee, is a U.S.-based private equity investment firm founded in 1979. With total capital of approximately \$12 billion, Welsh Carson specializes in acquiring and building established businesses in the information services, communications, and healthcare industries. Its principals have significant operating and investment experience in those three industries. FiberNet and DeltaCom, and their customers, will benefit from that experience as well as from the improved capitalization of ITC, which will help

approximately 2.5% voting interest that the individual managing partners of the general partners of the Welsh Carson entities would control in the aggregate in personal accounts separate from any Welsh Carson holdings.

⁸ After the expiration of the initial 15-month period, the size of the ITC board of directors may be increased to up to 15 persons. Welsh Carson will have a contractual right to continue to name two persons to the board, and must support the election of three independent directors. The balance of the directors will be elected by the common and preferred stockholders, including Welsh Carson. After expiration of the initial 15-month period, there will be no contractual restrictions on Welsh Carson's right, as an ITC stockholder, to elect a majority of the board.

ensure continuity of service and enhance FiberNet's and DeltaCom's ability to offer a broader range of innovative products and services to customers. The parties expect the transaction to generate annualized cost savings for the combined company of approximately \$40 to \$60 million over a three-year period, the majority of which is expected to be achieved by the end of the first year. The proposed transaction will therefore strengthen the ability of FiberNet and DeltaCom to offer services in competition with other providers, including the incumbent local exchange carriers, in their operating areas. Grant of the instant application will therefore promote competition in the local exchange, interexchange, and international telecommunications markets, which will serve the public interest.

II. INFORMATION REQUIRED BY SECTION 63.24

The applicants seek authority for the acquisition of control of FiberNet and DeltaCom by Welsh Carson. Section 63.24(e)(2) of the Commission's rules requires that an application for a substantial transfer of control of a carrier holding international section 214 authority include the following information as described in section 63.18:

- (a) ITC's address and telephone number are:

ITC^DeltaCom, Inc.
1791 O.G. Skinner Drive
West Point, GA 31833
Phone: (706) 385-8000

The transferee is Welsh Carson. Its address and telephone number are:

Welsh, Carson, Anderson & Stowe
320 Park Avenue, Suite 2500
New York, New York 10022-6815

Phone: (212) 893-9500

The carriers being transferred are FiberNet and DeltaCom. Their addresses and telephone numbers are:

Interstate FiberNet, Inc.
1791 O.G. Skinner Drive
West Point, GA 31833
Phone: (706) 385-8000
Fax: (706) 385-8001

ITC^DeltaCom Communications, Inc.
4092 South Memorial Parkway
Huntsville, AL 35802
Phone: (256) 382-3900
Fax: (256) 382-3969

(b) ITC and FiberNet are Delaware corporations. DeltaCom is an Alabama corporation. WCAS VIII is a Delaware limited partnership, WCAS Capital Partners III, L.P. is a Delaware limited partnership, and WCAS Information Partners, L.P. is a Delaware limited partnership.

(c) Correspondence concerning this application should be addressed to the following:

For ITC^DeltaCom, to:

J. Thomas Mullis
Senior Vice President-Legal & Regulatory
ITC^DeltaCom, Inc.
4092 South Memorial Parkway
Huntsville, AL 35802
Phone: (256) 382-3842
Fax: (256) 382-3936
E-mail: tmullis@itcdeltacom.com

With a copy to:

Karis A. Hastings
Douglas A. Klein
Hogan & Hartson L.L.P.
555 13th Street N.W.
Washington, D.C. 20004-1109
Phone: (202) 637-5767

Fax: (202) 637-5910
E-mail: KAHastings@HHLaw.com, DAKlein@HHLaw.com

For Welsh Carson, to:

Jonathan M. Rather
General Partner and CFO
Welsh, Carson, Anderson & Stowe
320 Park Ave. Suite 2500
New York, NY 10022
Phone: (212) 893-9570
Fax: (212) 893-9548
Email: jrather@welshcarson.com

(d) FiberNet and DeltaCom each hold domestic and international section 214 authority. The authority held by FiberNet was originally granted to Eastern Telecom, Inc. in File No. ITC-93-279, and the Commission approved a pro forma assignment of the authorization to FiberNet in 1997. See File No. ITC-ASG-19970915-00552.

The authority held by DeltaCom was originally granted to DeltaCom, Inc. in File No. ITC-94-385. DeltaCom, Inc. subsequently changed its name to ITC^DeltaCom Communications, Inc. See Letter of Nanette S. Edwards to Magalie Roman Salas dated Feb. 26, 1998.

In October 2002, the Commission authorized the transfers of control of FiberNet and DeltaCom that resulted from ITC's entry into and emergence from Chapter 11 bankruptcy protection. See File Nos. ITC-T/C-20020810-00469, ITC-T/C-20020810-00468, ITC-T/C-20020813-00471, ITC-T/C-20020917-00470.

Welsh Carson, through various limited partnerships, holds majority interests in two communications companies subject to FCC jurisdiction, in addition to its interest in BTI. Welsh Carson is a majority shareholder in the publicly traded Centennial Communications Corporation, a provider of wireless rural telephone systems in the continental United States, and a provider of integrated communications services in the Caribbean, including the islands of Puerto Rico and the U.S. Virgin Islands.⁹ Centennial holds international section 214 authority

⁹ Centennial has approximately 540,000 rural wireless customers in the continental United States (Michigan, Indiana, Ohio, Mississippi, Louisiana, and east Texas, with minority investments in two small systems in Pennsylvania and California) and another 366,500 wireless customers in the Caribbean (Puerto Rico, the U.S. Virgin Islands, and the Dominican Republic). Wireline services in the Caribbean include telephony, data, Internet and video.

pursuant to File Nos. ITC-214-19970923-00579 and ITC-214-20000817-00545. Welsh Carson is also a majority investor in the privately held Valor Telecommunications L.L.C., an independent local exchange company offering services in primarily rural exchange areas within the states of Texas, Oklahoma and New Mexico.¹⁰ Valor holds a section 214 authorization for international resale. See File No. ITC-214-20000719-00451.

(h) The following are the names, addresses, citizenship, and principal businesses of any person or entity that will directly or indirectly own at least ten percent of the equity of the authorized carriers following the proposed transaction. There will be no interlocking directorates with any foreign carrier.

ITC^DeltaCom Communications, Inc.

Address: 4092 South Memorial Parkway, Huntsville, AL 35802

Citizenship: United States

Principal business: Telecommunications

Relationship: authorized carrier

Interstate FiberNet, Inc.

Address: 1791 O.G. Skinner Drive, West Point, GA 31833

Citizenship: United States

Principal business: Telecommunications

Relationship: authorized carrier; 100 percent direct parent of DeltaCom

ITC^DeltaCom, Inc.

Address: 4092 South Memorial Parkway, Huntsville, AL 35802

Citizenship: United States

Principal business: Telecommunications; holding company

Relationship: 100 percent direct parent of FiberNet; 100 percent indirect parent of DeltaCom

Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P.

Address: 320 Park Avenue, Suite 2500, New York, NY 10022-6815

Citizenship: United States (Delaware limited partnerships)

Principal business: Private investment partnerships

Relationship: will own stock of ITC controlling a majority of the outstanding stockholder votes as described in note 7 *supra*

¹⁰ Valor serves over 500,000 customers in mostly rural communities. In addition to local services, the company offers long distance services, wireless services, and information services.

The sole general partner of Welsh, Carson, Anderson & Stowe VIII, L.P. is WCAS VIII Associates, L.L.C. The sole general partner of WCAS Capital Partners III, L.P. is WCAS CP III Associates L.L.C. The sole general partner of WCAS Information Partners, L.P. is WCAS Info Partners, L.P. Each of those general partners was formed under the laws of Delaware, and their address is 320 Park Avenue, Suite 2500, New York, New York 10022-6815. The managing partners of the general partners are U.S. citizens. The managing partners are Patrick J. Welsh, Russell L. Carson, Bruce K. Anderson, Robert A. Minicucci, Anthony J. deNicola, Paul B. Queally, D. Scott Mackesy, Sanjay Swani, Jonathan M. Rather, John D. Clark, Thomas E. McInerney, and James R. Matthews.¹¹

The limited partners of Welsh Carson are comprised of institutional or other investors. Based on the Commission's methodology for determining indirect interest in communications companies, none of the limited partners in Welsh Carson will hold 10 percent or more of the equity of ITC.

(i) Welsh Carson and ITC certify that they are not, and following the proposed transaction will not be, affiliated with any foreign carrier within the meaning of section 63.09(d) and (e).

(j) The applicants certify that they do not seek authority to provide service to any country described in paragraphs (1) through (4) of section 63.18(j).

¹¹ As stated above in footnote 4, Welsh Carson currently holds approximately 43.9% of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITC's common stock (except for the election of ITC directors) and stock of ITC representing approximately 49.3% of the outstanding stockholder votes generally entitled to be cast for the election of directors. The foregoing percentages include the voting interest that the individual managing partners of the general partners of the Welsh Carson entities control in the aggregate in personal accounts separate from any Welsh Carson holdings. In addition, Welsh Carson also currently owns approximately 70% of BTI on a fully diluted basis. Approximately 3% of the 70% interest is personally owned by certain individuals associated with Welsh Carson. As a result of the proposed transaction, these individuals will personally control less than approximately 2.5% of the outstanding stockholder votes of ITC pertaining generally to matters presented for vote by the holders of ITC's common stock, and less than 3% of the votes of ITC on a fully diluted basis. For the purposes of this application, applicants have included this personal ownership interest in the calculation of the post-transaction stock interest in ITC that Welsh Carson will control.

(k) Not applicable.

(l) Not applicable.

(m) Not applicable.

(n) Welsh Carson certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) Welsh Carson certifies pursuant to sections 1.2001 through 1.2003 of the Commission's rules that no party to the application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

(p) This international section 214 application qualifies for streamlined processing pursuant to section 63.12 because the applicants are not affiliated with any foreign carriers; are not affiliated with any dominant U.S. carriers whose international switched or private line services the applicant seeks authority to resell; and do not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines. It should therefore be granted, pursuant to section 63.12(a), fourteen days after the date of public notice listing this application as accepted for filing.

III. ADDITIONAL INFORMATION REQUIRED BY SECTION 63.04

The instant joint application seeks Commission consent to the transfer of control of FiberNet and DeltaCom, which hold both international and domestic authority pursuant to section 214. Pursuant to section 63.04(b) of the Commission's rules, the applicants submit the following information in support of this application in response to items 6 through 12 of section 63.04(a):

(6) As set forth in section I above, the applicants seek Commission consent to the acquisition by Welsh Carson of indirect, majority stock control of FiberNet and DeltaCom. Specifically, Welsh Carson and ITC have entered into an agreement whereby Welsh Carson's majority-owned BTI and its subsidiaries, Business Telecom, Inc. and Business Telecom of Virginia, Inc. (together, "BTI Operating"), will join the ITC group of corporate subsidiaries. To that end, BTI will merge with a newly created subsidiary of ITC, with BTI surviving. Thus, BTI will become a

subsidiary of ITC. Welsh Carson's debt and equity interests in BTI will be exchanged for or converted into common stock and warrants of ITC, and Welsh Carson and certain of its affiliates will invest approximately \$35 million in ITC in exchange for Series B preferred stock of ITC. Together with the ITC common stock Welsh Carson currently owns, immediately following the consummation of the proposed transaction Welsh Carson will own stock of ITC controlling a majority of the outstanding stockholder votes pertaining generally to matters presented for vote by the holders of ITC's common stock. Thus, the proposed transaction will result in a transfer to Welsh Carson of ultimate control of FiberNet and DeltaCom, which are carriers providing domestic telecommunications services pursuant to section 63.01 of the Commission's rules.

(7) ITC, through its operating subsidiaries FiberNet and DeltaCom, owns or manages approximately 10,000 route-miles of a fiber-optic network covering portions of ten states in the southern United States. It provides voice and data telecommunications services on a retail basis to businesses in the southern United States and regional telecommunications transmission services over its network on a wholesale basis to other telecommunications companies. BTI Operating provides facilities-based competitive local exchange services in the southeast United States. It offers business customers a variety of telecommunications and information services including local dial tone, long distance, frame relay and private line, dedicated, dial-up or DSL Internet access, and advanced ancillary services. BTI Operating also provides wholesale telecommunications services to carriers. For further information, please see the Competitive Impact Statement below.

(8) This application qualifies for streamlined processing under section 63.03(b)(2)(i) because the transferee will have a market share in the interstate interexchange market of less than 10 percent, the transferee will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the proposed transaction, and no party to this application is dominant with respect to any service.

(9) As noted above, DeltaCom also holds satellite earth station licenses, and the applicants are concurrently filing an application on FCC Form 312 seeking Commission consent to the transfer of control of those licenses.

(10) The applicants seek only standard streamlined processing of this domestic section 214 transfer-of-control application pursuant to section 63.03.

(11) No waiver requests are being filed in conjunction with the transaction.

(12) As discussed in section I above, grant of the instant application will strengthen FiberNet and DeltaCom, creating stronger competitors in the local

exchange, interexchange, and international telecommunications markets. Applicants anticipate that the transfer of control will enhance competition and provide benefits, such as superior customer service and expanded service offerings, to customers. As discussed in the Competitive Impact Statement below, grant of the application will not adversely affect consumers. Accordingly, grant of the application will serve the public interest, convenience, and necessity.

Competitive Impact Statement

Following consummation of the transaction described herein, DeltaCom, FiberNet, and BTI Operating (the "Companies") will continue to compete in the local and long distance retail and wholesale telecommunications markets. Although the local and long distance operations of the Companies overlap in some states, each company will continue to face fierce competition from incumbent local exchange carriers, such as BellSouth and Verizon, larger long distance competitors, and other providers of communications services, such as wireless and cable providers.

ITC offers local, long distance and enhanced services to retail business customers. Services include voice offerings (including local, intrastate, and interstate services, as well as international resale) and data services (IP VPNs, frame relay, ATM and point to point). ITC also offers wholesale services, including operator services and directory assistance, PRI local connections, and broadband transport. ITC's 10,000 route-miles of fiber-optic backbone extends to 10 states¹² and includes 188 points of presence. ITC has 12 voice switches for local and long distance offerings, as well as local facilities collocated in incumbent local exchange central offices, and provides local services in 35 local markets. In the first calendar quarter of 2003, ITC also began offering a bundled local and long distance service to residential customers.

BTI Operating offers services primarily to business customers. BTI Operating also offers wholesale carrier services and residential services. In addition to local, long distance and international voice offerings, BTI Operating provides Internet services (dedicated Internet, DSL, dial-up), data services (frame relay and private line) and other enhanced services. BTI Operating's network operations extend through a 13-state¹³ footprint with 4,400 route-miles of fiber-optic facilities and includes 81 points of presence, 25 frame relay switches, 4 ATM switches, 14 local voice switches and 4 long distance voice switches. BTI

¹² The states are Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

¹³ The jurisdictions are Alabama, Delaware, the District of Columbia, Florida, Georgia, Maryland, New Jersey, New York, Pennsylvania, South Carolina, North Carolina, Tennessee, and Virginia.

Operating's fiber-optic facilities are concentrated in the eastern coastal states and stretch from the southern tip of Florida to New York, although a significant number of BTI Operating's switching facilities and fiber POP sites are located in North Carolina. BTI Operating also provides local voice services through resale of incumbent local exchange carrier services and UNE-Platform in several states in addition to those states where BTI Operating has its own network operations.

BTI Operating and ITC are each non-dominant carriers in the provision of local and long distance services.¹⁴ In the long distance market in 2001, the latest year for which FCC figures are available, the combined revenues of the two firms would have amounted to one half of one percent of total toll revenues.¹⁵ With respect to local exchange services, in the states where BTI Operating and ITC will now operate under common control, substantial competition exists. In addition to the incumbent local exchange companies, numerous other competitive local exchange providers actively sell services, as is revealed in the chart below:

State	Number of CLECs
Alabama	6
Florida	19
Georgia	15
North Carolina	12
South Carolina	9
Tennessee	8

Source: FCC, Local Telephone Competition: Status as of June 30, 2002, Table 10.

Thus, placing these two carriers under common ownership raises no competitive issues. The entities will continue to be small, non-dominant carriers that must compete against much larger, and in some cases dominant, competitors. In no event will the Companies be able to exercise market power to the detriment of consumers.

Accordingly, grant of this application will serve the public interest, convenience, and necessity. This domestic section 214 transfer of control application is eligible for streamlined processing pursuant to section 63.03(b)(2)(i).

¹⁴ ITC's 2002 revenues were approximately \$415 million. BTI's 2002 revenues were approximately \$250 million.

¹⁵ FCC, Statistics of Communications Common Carriers, 2001/2002 Edition, Table 1.4.

IV. CONCLUSION

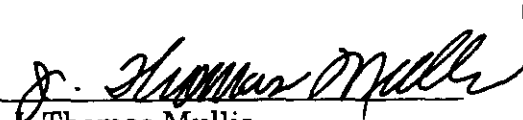
For the foregoing reasons, the applicants respectfully request that the Commission consent to the acquisition by Welsh Carson of control of FiberNet and DeltaCom and their international and domestic telecommunications operations.

Respectfully submitted,

WELSH, CARSON, ANDERSON & STOWE
VIII, L.P., together with certain of its
affiliates

ITC^DELTACom, INC.
ITC^DELTACom COMMUNICATIONS, INC.
INTERSTATE FIBERNet, INC.

By: _____
Jonathan M. Rather
Chief Financial Officer of Their
General Partners

By: 
J. Thomas Mullis
Senior Vice President-Legal &
Regulatory


Dated: July 7, 2003

IV. CONCLUSION

For the foregoing reasons, the applicants respectfully request that the Commission consent to the acquisition by Welsh Carson of control of FiberNet and DeltaCom and their international and domestic telecommunications operations.

Respectfully submitted,

WELSH, CARSON, ANDERSON & STOWE
VIII, L.P., together with certain of its
affiliates

By: 
Jonathan M. Rather
Chief Financial Officer of Their
General Partners

ITC^DELTACom, INC.
ITC^DELTACom COMMUNICATIONS, INC.
INTERSTATE FIBERNet, INC.

By: _____
J. Thomas Mullis
Senior Vice President-Legal &
Regulatory

Dated: July 7, 2003

Verification

I, Jonathan M. Rather, hereby certify under penalty of perjury that I am Chief Financial Officer of the General Partners of Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By: 

Jonathan M. Rather
Welsh, Carson, Anderson & Stowe
320 Park Avenue, Suite 2500
New York, New York 10022-6815

Executed on July 2, 2003.

Verification

I, J. Thomas Mullis, hereby certify under penalty of perjury that I am Senior Vice President—Legal & Regulatory of ITC^DeltaCom, Inc., ITC^DeltaCom Communications, Inc., and Interstate FiberNet, Inc.; and that the information provided in the foregoing application related to these entities is true and correct to the best of my knowledge, information and belief.

By:



J. Thomas Mullis
ITC^DeltaCom, Inc.
4092 South Memorial Parkway
Huntsville, AL 35802

Executed on July 7, 2003.